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SUBJECT: APACHE NOMINEE FOR CORPORATE EXCELLENCE

REF: A. STATE 54208
[1](#)B. STATE 34994

[1](#)1. We would like to nominate Apache Corporation, the largest U.S. investor in Egypt and Egypt's third largest oil and gas producer, for the State Department's Corporate Excellence award. In addition to achieving business excellence, Apache deserves recognition for its girls school program, support for communities in which it works, and exemplary employment and environmental policies.

Apache in Egypt

[1](#)2. Apache, a U.S. firm headquartered in Houston, has been active in Egypt since 1994, when they acquired 25 percent interest in the Qarun Concession. In 1996, Apache opened its Cairo office, and then further expanded in 2001, when it acquired Repsol YPF's operating interest in the Khalda Concession. As of year-end 2007, Apache has invited \$ 4.2 billion in Egypt, with another \$1 billion in investment planned in 2008. Apache has an interest in 14 concessions and 59 development leases.

[1](#)3. Apache's oil and gas exploration and production activities are conducted in partnership with the Egypt General Petroleum Corporation (EGPC). In all its dealings with EGPC, suppliers and other Egyptian business associates, Apache adheres to the highest standards of integrity, transparency and ethical business practices, believing that a system based on these standards is most likely to provide an open marketplace and encourage additional investment by Apache and other foreign companies.

Corporate Social Responsibility

[1](#)4. The company's reputation as one of Egypt's leading corporate citizens is based on its strong support for the GirlsQ Education Initiative, a program of the National Council for Childhood and Motherhood (NCCM) to provide educational opportunities for girls 6 to 14 years old in rural villages in one room school schoolhouses. The one room schools accommodate up to 36 girls and have the aim of teaching them to read, reducing the incidence of early marriage, educating young girls on health, hygiene and environmental issues all via an active learning process coordinated by two teacher facilitators from the area. The ultimate goal is to help the girls return to the formal education system; once a student misses a year of education, the public school system will no longer accept her.

[1](#)5. In 2004, Apache completed the first prototype one-room school in Abu Sir in the Giza governorate. The school was built to last for 50 years or more and provides a user-friendly environment for modern educational techniques. It uses prevailing winds for cooling; windows and high ceilings for optimal natural lighting; and sun breaks to prevent overheating.

[1](#)6. Apache then founded Springboard Q One-Room Schools for EgyptQs Girls, a U.S.-registered NGO, to accept donor funds for the project. Since then, in cooperation with the Apache-formed U.S. NGO Springboard -- Educating the Future -- another 202 schools along the Abu Sir prototype have been built in the Fayoum, Minia, Giza and Marsa Matruh Governorates. Apache continues to maintain and support these schools under the Egyptian National Council of Childhood and Motherhood's program. Subsequently, Apache and its donors have provided additional support by building fences, planting gardens,

organizing student field trips, and providing basic school supplies, clothing, hearing aids/glasses, blankets, and computers. In 2008, Apache acquired 200 laptop computers under the One Laptop per Child program as a pilot to eventually provide laptops to all 203 schools and their 5000 students.

¶17. Apache also supports the Association for the Protection of the Environment (APE), an organization that provides literacy and skills training for young women in the Mokattam area of Cairo. Apache formed Nile Weavers, an NGO that assists with purchasing and distributing hand crafted products from the poor areas of Egypt to Apache employees and other organizations in the USA. Funds generated are returned back to these organizations by additional purchases or provisions of other needs.

¶18. In addition to their work with elementary to high school students, Apache sponsors various universities in Egypt (Azhar University Geosciences Department, Alexandria University Geological/Geophysical Department, Fayoum University Early Learning Program), as well as local schools for expatriates (Cairo American College, Maadi British School). Apache, working with its Khalda Petroleum Company affiliate, funded a special one-year on-the-job training program for 25 new petroleum engineering graduates of Cairo University. The program was administered by the Colorado School of Mines Petroleum Engineering Department (Golden, Colorado). Finally, Apache supports its staff, who also contribute their time as lecturers at Al Azhar University and Alexandria University.

Other community activities

¶19. Apache provides support to other community activities as well. For example, Apache routinely provides logistical and financial support to the Egyptian Environmental Affairs Agency (EEAA) in their campaign to raise public awareness of Egypt's natural environment in areas where they operate. In particular, Apache supported EEAA's efforts to have the Whale Valley area in the Wadi Rayan concession designated a World Heritage Site. A number of prehistoric whale fossils have been discovered in this area. In cooperation with University of Michigan archeologists, Apache provided financial support to ship a fossil to the University of Michigan for preservation and mounting. Once this is done, the fossil will be returned to Egypt for display. Apache Egypt also recently committed funds to provide support to the UCLA Fayoum archaeological project under the direction of Prof. Willeke Wendrich.

¶10. Apache's other community projects include co-sponsorship of four Egyptian athletes to train for seven months at the Dekalb International Training Center in Georgia before the 2004 Athens Olympics. The firm provided equipment for the Matruh General Hospital. Apache purchased vehicles and built buildings for Dar El Hanan, a home for disabled and orphaned children in Fayoum. Finally, in an effort to address Egypt's road safety problems, Apache worked with other oil companies to support a road safety awareness educational campaign.

Exemplary Employment policies

¶11. Apache's oil and gas operations require a trained, educated workforce, and Apache supports training abroad and in-country for the Egypt corporate office nationals and the joint venture staff. Through its joint venture companies, Apache provides ongoing training of Egyptian employees so they can maintain production using the latest in industry technologies. As the third-largest oil and gas producer in Egypt, Apache directly employs approximately 245 Egyptian nationals in its corporate activities and indirectly employs 3000 EGPC Egyptian nationals through its joint ventures with EGPC. Apache's vendors, suppliers and others doing business with Apache are expected to conform to US business standards and practices. Contracts executed require compliance with workers' rights regarding rights to organize, child labor restrictions, acceptable working conditions and compliance with international labor laws regarding timely payment of wages. Additionally, compliance with US Foreign Corrupt Practices Act is mandatory. In all of its activities in Egypt and elsewhere in the world, Apache puts a strong emphasis on safe operations. Apache adheres to health, safety and environmental standards and policies and encourages local employees to follow the same guidelines and practices.

Apache and the environment

¶12. Apache conducts all of its operations in an environmentally responsible manner. In each of its concessions, employees monitor operations to ensure that discharges are avoided and to assure a rapid response to minimize the impact of unintended discharges. Many of Apache's exploration and production operations occur in areas of the Western Desert of Egypt that are still littered with unexploded ordinance (UXO) left over from the WWII battles of the North African campaign. During the course of their work they have cleared approximately 500,000 acres of dangerous munitions that are still lethal despite being buried for over 60 years.

Supporting Egypt's economic development goals

¶13. Apache is a leader in the application of geosciences technology in the search for oil and gas in Egypt. Apache was the first company to routinely use 3D seismic data early in the exploration cycle. Apache's effective use of this technology is one of the foundations underlying their notable drilling success. Apache was also the first company in Egypt to employ SeaBed Logging (SBL) in the search for hydrocarbons in the deep waters off the Nile Delta. This cutting edge technology utilizes electromagnetic waves to identify potential hydrocarbon zones that may be undetectable with conventional seismic data.

¶14. From data collection and processing through seismic inversion, visualization and geologic modeling of complex reservoir systems, Apache is constantly evaluating new technologies in an effort to reduce drilling risk, enhance safety and provide a better value for their shareholders and host government. Apache is a technical leader in the Egyptian petroleum industry, and a leader in the introduction of modern oil field production technologies to the Western Desert including the first wide-scale application of wellbore fracture stimulation methods, beam pumping units, and waterflood optimization. Apache has installed 60 natural gas turbine generators to electrify much of its field operations thereby displacing the use of hundreds of small diesel-powered generators to provide a clean, low-cost power source.

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